



United States Attorney's Office
District of Columbia

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Federal Grand Jury Charges Former Florida Stockbroker with Conspiracy, Mail Fraud, and Wire Fraud in Multi-Million Dollar Securities Market Manipulation and Kickback Scheme

WASHINGTON - A federal grand jury sitting in the District of Columbia has charged a 43-year-old former Florida Stockbroker, Anthony J. Fareri, with conspiracy, mail fraud and wire fraud in a multi-million dollar securities and market manipulation and kickback scheme, U.S. Attorney Jeffrey A. Taylor, FBI Assistant Director in Charge Joseph Persichini, Jr., and U.S. Postal Inspection Service Inspector in Charge Gregory Campbell, Jr., announced today.

Fareri, of Boca Raton, Florida, had his initial appearance today in U.S. District Court in West Palm Beach, Florida, where he was ordered to appear in U.S. District Court for the District of Columbia at a date to be determined. The five-count indictment was returned on February 27, 2009.

According to the Indictment, between September of 2004 and October of 2006, Fareri was a registered securities representative and controlled and operated Fareri Financial Services, d/b/a AmeriFinancial ("FFS"), a broker-dealer member of the National Association of Securities Dealers. During this time period, Fareri allegedly conspired with Paul Harary of Boca Raton, Florida, and Douglas Zemsky of Hallendale, Florida, to defraud over 50 of Fareri's clients of their money and property in connection with the sale of stock of two publicly traded companies, American Financial Holdings, Inc. ("AFHJ") and Secure Solutions Holdings, Inc. ("SSLX"), both of which were shell companies with *de minimus* assets and revenues and virtually no business operations.

Fareri and Harary allegedly defrauded Fareri's customers by using nominees to acquire control of the free trading shares of AFHJ and SSLX stock, using matched orders to

manipulate the price of the companies' stocks to grossly inflated levels, and by having Fareri's customer accounts purchase shares of AFHJ and SSLX stock at artificially high prices in the market at the same time that Harary's nominees sold the shares into the market. Harary and Fareri coordinated these buy and sell orders to assure that Harary's nominees could sell the AFHJ and SSLX shares to Fareri's customers at artificially inflated prices. Thereafter, Harary allegedly kicked back to Fareri some of the profits from the fraudulent sales of AFHJ and SSLX stock to Fareri's customers. In certain instances, Harary or his relative secretly gave cash to Fareri at a Florida gas station. In other instances, in order to disguise the payment of hundreds of thousands of dollars of kick-back payments to Fareri, nominees of Harary allegedly made payments totaling approximately \$820,000 to a company controlled by Fareri for 170,000 restricted shares of AFHJ even though the restricted stock was essentially worthless. Over 50 of Fareri's customers were left with the shares of the two shell companies lost over \$4 million.

Fareri's co-conspirators, Paul Harary and Douglas Zemsky, have previously pled guilty to charges related to this scheme and await sentencing.

In announcing the indictment against Fareri, U.S. Attorney Taylor, FBI Assistant Director in Charge Persichini and U.S. Postal Inspection Service Inspector in Charge Campbell commended FBI Special Agent Daniel Parker and Postal Inspection Service Inspector Kevin Towers for their outstanding work in vigorously investigating the case. They applauded the hard work of Securities and Exchange Commission Enforcement attorneys James Kidney, Cheryl Scarboro, Charles Felker, John Lehmann, and Matthew Skidmore, former SEC Enforcement attorney Samuel Draddy and SEC Enforcement investigator James Fanslau in doggedly investigating the scheme and in filing the SEC's civil enforcement action against Fareri. Finally, they praised Assistant U.S. Attorneys John Griffith and Tejpal Chawla and former Assistant U.S. Attorney Jonathan Barr, who investigated and prosecuted this matter and Paralegal Specialist Diane Hayes and Legal Assistants Lisa Robinson, Jamasee Lucas, April Peeler and Teesha Tobias, who assisted in the investigation and prosecution.

An indictment is merely a formal charge that the defendant has committed a violation of criminal laws. Every defendant is presumed innocent unless found guilty.

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